

Message Text

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FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 5339
INFO ALL EC CAPITALS
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C O N F I D E N T I A L SECTION 01 OF 03 BRUSSELS 04476

USEEC

E.O. 11652: GDS
TAGS: EEC, FR
SUBJ: EC AWAITS FRENCH ELECTION WITH SOME APPREHENSION,
BUT NO CONTINGENCY PLANNING - WHAT WILL BE, WILL BE

1. INTRODUCTION AND SUMMARY:

IN EC CIRCLES OPINIONS DIFFER ON THE LIKELY OUTCOME OF FRANCE'S UPCOMING PARLIAMENTARY ELECTION. WHILE ALL THINK THE ELECTION WILL BE CLOSE AND WILL NOT BE DECIDED UNTIL THE SECOND ROUND, OPINIONS DIFFER ON THE IMPLICATIONS FOR THE EC AND ITS INSTITUTIONS OF A VICTORY BY THE LEFT. THEY RANGE FROM WIDELY-FELT CONCERN THAT THE PRESENTLY SLOW-MOVING COMMUNITY WOULD BE IMMOBILIZED, AT LEAST FOR AN INDETERMINATE PERIOD, TO AN INSOUCIANT BELIEF BY A MINORITY OF OBSERVERS THAT ON THE WHOLE COMMUNITY LIFE WOULD GO ON PRETTY MUCH AS BEFORE. TO DATE EC INSTITUTIONS APPEAR NOT TO HAVE UNDERTAKEN CONTINGENCY PLANNING AGAINST THE POSSIBILITY OF A LEFTIST GOVERNMENT IN PARIS LARGELY BECAUSE THERE IS A STRONG PROBABILITY THAT BOTH

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THE PRESENT FRENCH GOVERNMENT AND/OR THE LEFT WOULD BE ANGERED BY SUCH PLANNING IF IT WERE UNDERTAKEN.

2. SOME OF THE MOST IMMEDIATE UNCERTAINTIES ARISING FROM A LEFT VICTORY WOULD RELATE TO THE FUNCTIONING OF EC INSTITUTIONS, PARTICULARLY THE EUROPEAN COUNCIL, WHICH WILL MEET IN COPENHAGEN APRIL 7-8, AND TO THE NINE'S POLITICAL

COOPERATION. THERE IS A GENERAL BELIEF IN BRUSSELS THAT WITH A LEFT GOVERNMENT IN PARIS, PROGRESS ON MTN WOULD SLOW CONSIDERABLY, OR EVEN COME TO A HALT. END SUMMARY.

3. MOST EC COMMISSION AND PERMDEL OFFICIALS WITH WHOM WE HAVE DISCUSSED THE FRENCH ELECTION BELIEVE THAT: (A) IT IS TOO CLOSE TO CALL; (B) IT IS UNLIKELY TO PROVE DECISIVE AND HENCE WILL LEAD TO ANOTHER ELECTION AT AN EARLY DATE; (C) OVER THE PERIOD JUST AHEAD FRANCE IS THUS LIKELY TO BE A WEAK AND UNCERTAIN PARTNER IN THE EC, WHATEVER THE GOVERNMENT IN PARIS; AND (D) OF ALL THE POSSIBLE GOVERNING COMBINATIONS WHICH COULD EMERGE FOLLOWING THE MARCH POLL, THE MOST DELETERIOUS, FROM THE COMMUNITY'S STANDPOINT, WOULD BE ONE IN WHICH THE COMMUNISTS HAD A SIZEABLE VOICE.

4. A MINORITY WITH WHOM WE HAVE TALKED (E.G., SOME OFFICIALS IN DANISH AND BELGIAN PERMDELS AND, SURPRISINGLY, ONE GERMAN PERM DEL OFFICIAL) BELIEVE THAT A LEFTIST VICTORY OF ANY COMPLEXION WOULD HAVE LITTLE IMMEDIATE IMPACT ON THE COMMUNITY. THEY ARGUE THAT EUROPE AND ITS INSTITUTIONS ARE RESILIENT; THAT FRANCE IS A DIFFICULT PARTNER AT THE BEST OF TIMES AND THAT THE EC SURVIVED A PERIOD OF BITTER FRENCH NEGATIVISM UNDER DEGAULLE (ALTHOUGH THEY ACKNOWLEDGE THAT THE COMMUNITY'S FUNCTIONING WAS SERIOUSLY IMPAIRED DURING PART OF DEGAULLE ERA); AND

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THAT FRENCH ECONOMIC AND TRADE PATTERNS ARE SO INTIMATELY INTERWOVEN WITH THOSE OF OTHER COMMUNITY MEMBERS THAT TO AVOID ALMOST IMMEDIATE ECONOMIC HARDSHIP, ANY FRENCH GOVERNMENT WILL HAVE TO PLAY ACCORDING TO COMMUNITY RULES. THESE AND OTHER OBSERVERS NOTE THAT SOCIALIST PARTIES ARE IN POWER OR SHARE POWER IN OTHER COMMUNITY COUNTRIES AND THAT THERE IS ALREADY A SIZEABLE SOCIALIST PRESENCE IN THE EC COMMISSION, EUROPEAN PARLIAMENT, AND THE EC ECONOMIC AND SOCIAL COMMITTEE.

5. SOME OFFICIALS OF INTERNATIONAL LABOR ORGANIZATIONS BASED IN BRUSSELS, AND SOME EC OFFICIALS, SEE POSSIBLE BENEFITS FROM A LEFT VICTORY: THEY AVER THAT SUCH A VICTORY, IF IT CAME ABOUT WITHOUT AN EXCESSIVELY STRONG SHOWING BY THE COMMUNISTS, WOULD PROMPT THE EC COMMISSION TO BE LESS HESITANT IN ITS INITIATIVES IN THE LABOR AND SOCIAL FIELDS, SINCE THE FRENCH GOVERNMENT WOULD BE MORE SUPPORTIVE THAN AT PRESENT.

6. MAJORITY OF LOCAL OBSERVERS, HOWEVER, BELIEVE THAT IN AS YET LARGELY UNDEFINABLE WAYS A LEFTIST VICTORY, WITH OR WITHOUT COMMUNISTS, WOULD HAVE A NEGATIVE IMPACT ON THE EC. THEY ARGUE THAT AT A MINIMUM, A LEFT GOVERNMENT

WOULD NEED SEVERAL MONTHS IN WHICH TO SORT OUT ITS PRIORITIES AND THAT THIS PERIOD MIGHT BE PROLONGED IF MITTERAND WERE FORCED TO GIVE COMMUNISTS A SIGNIFICANT SHARE OF POWER. THEY BELIEVE A MITTERAND GOVERNMENT WOULD FIRST DIRECT ITS ATTENTION TOWARD FULFILLING DOMESTIC CAMPAIGN PROMISES, WHILE MARKING TIME IN EXTERNAL RELATIONSHIPS. MANY SPECULATE THAT COMMUNITY DECISIONS ON SUCH PRESSING MATTERS AS ENLARGEMENT AND MEDITERRANEAN POLICY, WHERE FRENCH POSITIONS CAN BE DECISIVE, MIGHT BE POSTPONED FOR MONTHS, WHILE PARIS SORTED OUT ITS INTERNAL DIFFERENCES.

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7. MANY OBSERVERS, AND THE MISSION, BELIEVE THAT IF A FRENCH LEFTIST GOVERNMENT ENJOYED A LONG LEASE ON POWER, THE IMPLICATIONS FOR THE COMMUNITY (AND FOR U.S. INTERESTS MIGHT BE MORE FUNDAMENTAL THAN AN INTERIM SORTING OUT. DESPITE THE PRESENCE OF OTHER SOCIALIST EC MEMBER STATES AND OF PROMINENT EUROPEAN SOCIALISTS IN ALL COMMUNITY INSTITUTIONS (MOST OF THESE ARE MODERATE SOCIALISTS; MANY COULD BE LABELLED CENTER-LEFT), THE EC'S BIAS IS TOWARD CAPITALISM AND GENERALLY LIBERAL TRADING POLICIES. WHILE FRANCE UNDER ANY GOVERNMENT IS BOTH MORE DIRIGISTE AND MORE INCLINED TOWARD AUTARKY THAN MOST OTHER EC MEMBER STATES, THESE TENDENCIES WOULD LIKELY BE ENHANCED AS THE LEFT SOUGHT TO IMPLEMENT ITS DOMESTIC ECONOMIC PROGRAM.

8. THE THREATENED IMPLEMENTATION OF THIS PROGRAM,

INCLUDING THE PROMISED JUMP IN THE SMIC (MINIMUM WAGE) WITH ITS INFLATIONARY IMPACT, WOULD, IN THE VIEW OF MANY LOCAL OBSERVERS, IGNITE HEAVY EXCHANGE-MARKET PRESSURES ON THE FRANC. THE GOF POLICY REACTION WOULD ALMOST CERTAINLY BE A MAJOR INTENSIFICATION OF CAPITAL CONTROLS
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AND VERY LIKELY RESTRICTIVE TRADE MEASURES AS WELL. SUCH MEASURES COULD BE GIVEN THE COVER OF LEGALITY UNDER THE ROME TREATY'S ARTICLE 109 (SAFEGUARD CLAUSE TO DEAL WITH A SUDDEN BALANCE OF PAYMENTS CRISIS). HOWEVER, THE FRENCH GOVERNMENT COULD NOT VERY WELL PROMISE TO TAKE CORRECTIVE ACTION WHICH WOULD ALLOW THE RESTRICTIONS TO BE LIFTED IN THE FORESEEABLE FUTURE WITHOUT ABANDONING ITS OWN PROGRAM. IN MISSION'S VIEW, THE PROSPECT OF THE INDEFINITELY PROLONGED APPLICATION OF THESE MEASURES, FUNDAMENTALLY INCONSISTENT WITH THE MOST BASIC NATUUE OF THE COMMON MARKET, WOULD BE GRAVELY DAMAGING TO THE COMMUNITY.

9. WE WOULD EXPECT EVEN GREATER FRENCH USE THAN AT PRESENT OF EC SAFEGUARDS TO PROTECT TROUBLED FRENCH INDUSTRIES, A LIKELIHOOD MITTERAND SEEMED TO SIGNAL IN REMARKS REPORTED IN THE BRUSSELS NEWSPAPER LE SOIR LAST WEEK, ALTHOUGH IN THE SAME BREATH HE DENIED THAT AUTARKY HELD ANY CHARM FOR HIS PARTY. FURTHERMORE, THERE IS A WIDESPREAD BELIEF IN COMMUNITY CCRCLCS THAT A LEFT VICTORY WOULD SLOW THE MTN CONSIDERABLY AND PERHAPS EVEN MAKE IT IMPOSSIBLE TO CONCLUDE.

10. NATIONALIZATIONS FORESEEN IN THE LEFT'S COMMON PROGRAM WOULD PROBABLY SKEW COMMUNITY ATTEMPTS TO EXTEND THE COMMUNITY'S COMPETITION POLICY, THOUGH THE IMPACT MIGHT NOT BE SO GREAT AS TO HINDER SUBSTANTIALY COMMUNITY PROGRESS ON INDUSTRIAL POLICY. SINCE EC'S INCEPTION, THE FRENCH HAVE PUSHED HARD FOR A COMMUNITY INDUSTRIAL POLICY. A LEFTIST GOVERNMENT WOULD LIKELY NUDGE THE EC EVEN HARDER IN THAT DIRECTION. THIS COULD ANTAGONIZE THE LESS DIRIGISTE EC MEMBERS, ESPECIALLY THE FRG, WHO HAVE ALREADY SHOWN CONSIDERABLE ANNOYANCE WITH EC
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INDUSTRIAL POLICY GOALS BEING SOUGHT BY THE PRESENT FRENCH GOVERNMENT. MISSION WOULD ALSO EXPECT THAT ADVENT OF LEFTIST GOVERNMENT IN FRANCE WOULD ALSO STIMULATE THOSE IN COMMISSION WHO FAVOR A MORE ANTI-US, ANTI-

MULTINATIONAL CORPORATION POLICY IN SUCH ADVANCED TECHNOLOGY SECTORS AS ELECTRONICS, DATA PROCESSING, AND AVIATION, TO BE MORE AGGRESSIVE IN PUSHING THEIR IDEAS. THIS ATTITUDE COULD ALSO SPILL OVER INTO ANTI-TRUST MATTERS AS WELL. SOCIALIST VOICE IN EUROPEAN PARLIAMENT ON SUCH SOCIALIST AIMS AS DEVELOPMENT OF A BINDING CODE FOR MULTINATIONALS WOULD ALSO BE STRENGTHENED.

11. APART FROM THE GENERAL SLOWING DOWN OF COMMUNITY MACHINERY REFERRED TO IN PARA 4 ABOVE, PERHAPS THE MOST IMMEDIATE INSTITUTIONAL QUESTION DERIVING FROM A LEFT VICTORY IS THAT OF FRENCH REPRESENTATION AT THE EUROPEAN COUNCIL AND THE AUTHORITY WITH WHICH FRANCE'S REPRESENTATIVES WOULD SPEAK. WHILE MITTERRAND HAS SAID THAT GISCARD AND MITTERRAND'S FOREIGN MINISTER WOULD REPRESENT FRANCE AT SUMMITS (PARIS 7283), OTHER EC MEMBER STATES ARE CONCERNED ABOUT THE UNCERTAINTIES INHERENT IN A GISCARD/MITTERRAND DICHOTOMY. EVEN IF GISCARD CONTINUES TO SPEAK FOR FRANCE IN THE EUROPEAN COUNCIL, HIS POSITION WILL HAVE BEEN WEAKENED VIS-A-VIS HIS EIGHT INTERLOCUTORS, WHO WILL CONTINUE TO SPEAK WITH FULL AUTHORITY FOR THEIR GOVERNMENTS. AT THE APRIL 7-8 COUNCIL (OCCURRING A MERE THREE WEEKS AFTER END OF FRENCH BALLOTING), AT WHICH ECONOMIC ISSUES ARE TO OCCUPY A MAJOR PORTION OF THE AGENDA, IT IS HARD TO SEE HOW THE NINE WOULD BE ABLE TO DEVELOP ANY MEANINGFUL COMMON POSITIONS WHICH WOULD FULLY ACCOMMODATE MITTERRAND'S VIEWS, MUCH LESS THOSE OF THE COMMUNISTS, SHOULD THEY JOIN A GOVERNING COALITION.

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12. EC NINE POLITICAL COOPERATION IS ANOTHER AREA IN WHICH, IT SEEMS TO US, THE COMING TO POWER OF THE LEFT IN FRANCE COULD HAVE A SUBSTANTIAL EFFECT, PARTICULARLY IF COMMUNISTS PARTICIPATE IN GOVERNMENT. MEMBER STATES ARE NOT BOUND BY FORMAL AGREEMENTS IN THIS SECTOR, AND CAN PRESUMABLY TAKE WHATEVER UNILATERAL MEASURES THEY WISH TO MODIFY THE TERMS AND EXTENT OF THEIR PARTICIPATION. EVEN THOUGH IT HAS NO LEGAL BASIS, THE NINE'S POLITICAL COOPERATION STRUCTURE IS BY NOW FAIRLY ELABORATE AND WELL-ENTRENCHED. EXPERTS GROUPS AND POLITICAL DIRECTORS MEET REGULARLY ON A BROAD RANGE OF ISSUES, AND INFORMATION IS ROUTINELY EXCHANGED ON THE COREUR TELEX NETWORK. OUR SOURCES ALLEGE THAT NO CONTINGENCY PLANS HAVE BEEN MADE, EVEN IN TERMS OF RESTRICTING THE FLOW OF SENSITIVE INFORMATION (E.G., ALONG THE LINES OF NATO'S FORMULA FOR DISSEMINATING INFORMATION TO PORTUGAL WHEN COMMUNISTS WERE REPRESENTED IN THE GOP) SHOULD THE PCF JOIN THE FRENCH GOVERNMENT. (COMMENT: MISSION THINKS IT LIKELY, HOWEVER, THAT EVEN THOUGH THERE IS NO COMMUNITY CONTINGENCY PLANNING AS SUCH, SOME INDIVIDUAL EC MEMBER GOVERNMENTS MUST ALREADY BE GIVING QUIET THOUGHT TO WHAT LIMITATIONS THEY WOULD WISH TO PLACE ON A FREE FLOW OF CONFIDENTIAL

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SENSITIVE INFORMATION TO PARIS IF THE COMMUNISTS SHARED POWER THERE).

13. NONE OF OUR SOURCES SEEM TO THINK THAT THE MECHANICS OF POLITICAL COOPERATION WOULD BE AFFECTED BY PARTICIPATION OF A PURELY SOCIALIST FRENCH GOVERNMENT, EXCLUDING THE PCF. THEY DO THINK, HOWEVER, THAT THE PROBLEM OF DEVELOPING COMMON POSITIONS, PARTICULARLY ON THIRD WORLD ISSUES (E.G., AFRICA) WOULD BE INTENSIFIED, ALTHOUGH THEY DO NOT BELIEVE THAT THE FRENCH SOCIALISTS WOULD BE NOTICEABLY HARDER TO DEAL WITH THAN THE DANES AND THE DUTCH ON SOME OF THESE MATTERS.

14. IN SUM, THERE IS SOME APPREHENSION AND EVEN FOREBODING IN EC CIRCLES IN BRUSSELS AS FRENCH ELECTION APPROACHES. COMPETENT OBSERVERS HAVE A FULL RANGE OF QUESTIONS ABOUT THE COMMUNITY'S FUNCTIONING IF THE LEFT WERE INSTALLED IN THE MATIGNON, BUT FEW PRETEND TO HAVE THE ANSWERS. HINTON

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